

Commercial Customs Operations Advisory Committee (COAC)

Global Supply Chain Security Subcommittee

Executive Summary



CUSTOMS COMMITTEE ON COMMERCIAL OPERATIONS

Global Supply Chain Subcommittee
Executive Summary – Trade Progress Report
August 23, 2017

I. Background

The Advisory Committee on Commercial Operations of Customs and Border Protection (COAC) determined to carry on the work from the 14th Term COAC Global Supply Chain Subcommittee.

Mission Statement:

Advance priorities that promote trade facilitation, global customs modernization and global supply chain security, to enhance the competitiveness of our American businesses.

Trade Co-Chairs: Adam W. Salerno, Brandon Fried, Alexandra Latham (TT Subcommittee), Mike Young (TT Subcommittee)

Government Co-Chairs: Liz Schmelzinger, Jim Swanson

Members: David Berry, Liz Merritt, Mike White, Kevin Pinel, Lisa Gelsomino, Vincent Iacopella, Lenny Feldman, Carlos Ochoa, Nikki Thomas, Valarie Newhart, Michael Schreffler, and Steven Graham.

II. Summary of Work

Customs-Trade Partnership Against Terrorism Minimum Security Criteria Working Group

U.S. Customs and Border Protection (CBP) is working in partnership with the private sector to develop a modern approach to the minimum security criteria (MSC) for the Customs and Trade Partnership Against Terrorism (C-TPAT). With a working group comprised of nearly 50 members, companies are helping to shape criteria and best practices related to counter agricultural pests and diseases; personnel security; cybersecurity; non-IT security technology; prevention of money laundering and terrorism financing issues; risk; high security seals and highway carrier issues; and security management and administration.

The six teams continue ongoing conference calls, in person meetings and webinars to refine the updated minimum security criteria. The existing, strengthened, and new MSC have been consolidated into a single C-TPAT MSC Registry for all C-TPAT entity types. Discussions on the MSC have centered on evaluating the security impact, the level of effort to implement, and the applicable entity for each new or strengthened requirement.

As this work moves forward, the working group and CBP agree that a much larger outreach effort must be done for members of the C-TPAT program, allowing them appropriate time for comment, revisions and implementation. Outstanding work remains on a cost-benefit analysis for the new MSC, an implementation and communication plan, and any new benefits that will be offered to program participants.

A separate work effort has been undertaken in evaluating the new “C-TPAT Best Practice Framework.” It is anticipated that this framework will be finalized and implemented in the near term.

Pipelines Working Group:

The Pipeline Working Group has come back together, after success from the prior year’s pilot. The group has a new statement of work in mind and has continued to host conference calls and in person meetings in Washington, DC on June 15th and 16th. During the in-person meeting, the Pipeline Working Group reviewed two account-based approaches to managing pipeline shipments in a uniform and automated fashion that clearly outlines the responsibilities of each party and which bond is required for enforcement purposes.

These models included the following:

Bonded Warehouse Model – Several scenarios were reviewed to provide Pipeline Operators with more flexibility in reporting, especially natural gas shipments. However, it was felt the learning curve to become a Bonded Warehouse was too steep and unfamiliar for Pipeline Operators that truly act as carriers and do not require more than 30 days to account for the goods.

Monthly 7512 Reporting – Since Pipeline Operators act as carriers, they will develop a unique B/L that will act as the 7512 for in-bond movements that can be reconciled on a monthly basis to the unique batch identifier. Details still need to be resolved, but CBP would like to pilot this reporting method.